

January 20, 2000

Honorable Richard J. Carey, Senate Chair
Honorable Thomas M. Davidson, House Chair
Joint Standing Committee on Utilities & Energy
115 State House Station
Augusta, ME 04333

Re: LD 2289, An Act to Provide Standard-offer Service to Certain Customers

Dear Senator Carey and Representative Davidson:

For the following reasons, the Commission will testify in support of LD 2289, An Act to Provide Standard-offer Service to Certain Customers. The Commission will be present at the work session and will be pleased to work with the Committee as it considers this bill.

LD 2289 would allow the Public Utilities Commission to require that transmission and distribution utilities arrange to secure electricity for customers that are not physically connected to a bulk power system in the State.

Central Maine Power Company (CMP) is served through the ISO-NE electric power grid. However, CMP's service territory includes about 40 customers in Coburn Gore who are not physically connected to the ISO-NE grid but are served through the Hydro Quebec transmission system. The customers in Coburn Gore are residential and relatively small commercial customers who consume approximately 280,000 kWhs per year.

Standard offer providers who wish to supply electricity to these customers must wheel power through Hydro Quebec's transmission system. It is not economically efficient to require standard offer providers to incur this significant effort and expense. The more efficient alternative is to allow CMP to continue to arrange for power to Coburn Gore through its long-standing arrangement with Hydro Quebec. Under this arrangement, Hydro Quebec would provide generation to Coburn Gore through its grid, CMP would contract to purchase that power from Hydro Quebec, and CMP would bill Coburn Gore customers at the appropriate standard offer rate. The difference between the purchase and sale price -- approximately \$8000 per year -- would be recovered from CMP ratepayers. This arrangement would only apply to generation service provided by standard offer providers.

In summary, LD 2289 is a practical solution to a mechanical problem that has been discovered while implementing electric restructuring.

The Commission urges the Committee to report out LD 2289 as ought-to-pass for the reason expressed above. If you have any questions regarding this matter please contact me.

Sincerely,

Marjorie R. Force
Legislative Liaison